

June 24, 2005

Aster Adams, Chief Competitive Markets & Policy Division Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee 37243-0505

Re: Docket No. 05-00066 Approval of Verizon Communications Inc.'s Acquisition of MCI, Inc. - Response to TRA's Data Request No. 2 -

Dear Mr. Adams:

This letter responds to the data request that you sent to Verizon Communications Inc. ("Verizon") and MCI, Inc. ("MCI") (collectively, the "Parties") by letter dated June 17, 2005 in connection with the Joint Notice that the Parties filed with the Tennessee Regulatory Authority (the "Authority") describing Verizon's proposed acquisition of MCI pursuant to the Agreement and Plan of Merger dated February 14, 2005. The Parties respectfully respond to the data request as follows:

<u>REQUEST NO. 1</u>. Provide the statute that supports the petition.

## **RESPONSE**:

The Parties notified the Authority of the acquisition by their Joint Notice dated March 7, 2005. Because the proposed transaction involves a change of control at the parent level and does not involve the transfer of certificates or the assets of a regulated utility, the Parties do not believe that T.C.A. § 65-4-112 or § 65-4-113 are applicable to this transaction, and the Authority's approval of the transaction is not required. Nevertheless, the Joint Notice contains the information required for a transaction for which T.C.A. § 65-4-112 or § 65-4-113 would be applicable.

<u>REQUEST NO. 2</u>. Provide post-merger organizational charts.

# **RESPONSE:**

As a result of the merger, MCI will be merged with and into ELI Acquisition, LLC, which Verizon intends to rename MCI, LLC, and will continue as a wholly owned subsidiary of Verizon. An organizational chart showing MCI, LLC and its subsidiaries after the merger is attached as the document labeled MCI/TN (1). A current organizational chart showing Verizon and its regulated subsidiaries is attached as the document labeled MCI/TN (2).

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REQUEST NO. 3.

Provide continued update of any actions which could affect this petition at the state or federal level.

# **RESPONSE:**

The most current information on the status of state and federal action on this transaction was previously provided to the Authority by letter dated June 15, 2005. A copy of MCI's June 15, 2005 letter is attached hereto.

Respectfully submitted,

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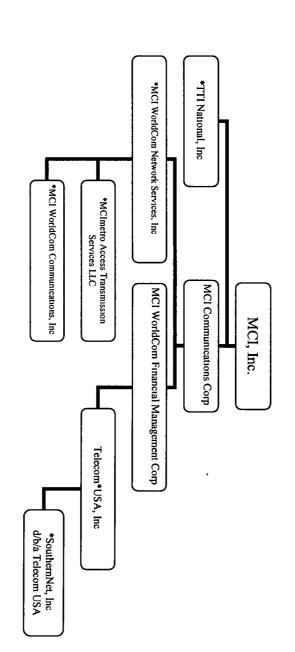
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(703) 351-3655 (fax)

Enclosure

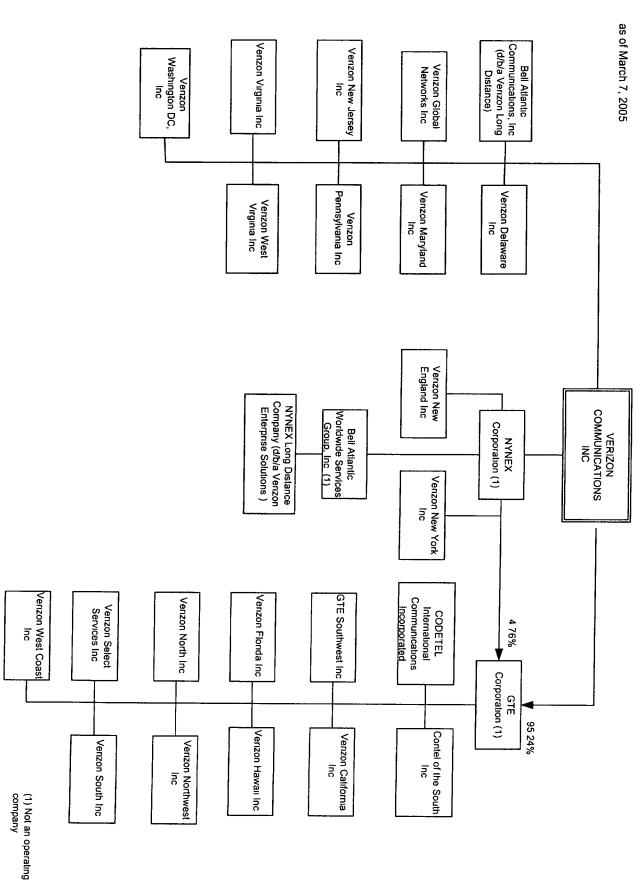
cc: State Attorney General (By Overnight Delivery)

# TENNESSEE



<sup>\*</sup>Denotes entities regulated by commission







June 15, 2005

Aster Adams, Chief Competitive Markets & Policy Division Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243

## HAND DELIVERED

Re Docket No. 05-00066 Approval of Verizon Communications, Inc 's Acquisition of MCI, Inc.

## Dear Aster

In the event there is any need for the clarification of the status of the above referenced acquisition in light of Qwest's attempts to make a competitive bid for MCI, I am writing to confirm that the acquisition of MCI, Inc ("MCI") by Verizon Communications, Inc ("Verizon") is still moving forward in state and federal fora, and it is our intention to close the deal by the end of this year.

On May 1, 2005, MCI's board of directors unanimously determined that the merger agreement between Verizon and MCI and the transactions contemplated by the merger agreement, were in the best interests of MCI's stockholders, and more favorable to MCI's stockholders than the best and final offer from Qwest. MCI's board of directors then voted unanimously to approve the Verizon merger agreement and to recommend that MCI's stockholders approve and adopt the merger agreement. On May 2, 2005, Qwest announced that it was no longer willing to participate in the process. See <a href="http://yahoo.reuters.com/financeQuoteCompanyNewsArticle.jhtml?duid=mtfh">http://yahoo.reuters.com/financeQuoteCompanyNewsArticle.jhtml?duid=mtfh</a>

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The approval of the Verizon offer and the closing of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of MCI common stock Additionally, regulatory approval is required. Verizon and MCI have furnished materials to the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission for their review and must obtain approvals from the Federal Communications Commission, various state public service or public utility commissions or similar state regulatory bodies before the merger can be completed. To date, the companies have already received regulatory approval from nine states.

In light of the above clarification, it is hoped that the TRA staff and the Directors can move forward with the processing of the notice of the MCI acquisition by Verizon If you or the Authority require additional information, I will be pleased to provide responsive information

Sincerely

Marshala. Ward Vice-President

State Regulatory Affairs

Cc. Sherry F. Bellamy, Verizon Vice President & Associate General Counsel State Regulatory – East Jim Murphy

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